GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4131
ANSWERED ON:09.08.2002
SERVICES SECTOR UNDER TAX NET
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether the Government was able to bring only less than four percent of the services sector under tax net; and

(b) if so, the reasons therefor and the steps taken to cover comprehensively the services sector under the tax net than adopting ad-hoc measures to capture only a few segments/sub segments of the services sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGE N.RAMACHANDRAN)

(a)&(b): The concept of service tax is new to the Indian economy. Further, the services sector is highly decentralized and in many cases non-tradable. Therefore, compliance to the tax has t be built up over a period of time. However, the coverage of serivce tax has been widened progressively and from 3 services in 1994-95, the coverage has widened to 50 services.